

Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: September 25, 2013

SUBJECT: Fiscal Impact Statement – “Prescription Drug Monitoring Program Act of 2013”

REFERENCE: Bill 20-127, Draft Committee Print shared with the Office of Revenue Analysis on September 23, 2013

Conclusion

Funds are sufficient in the FY 2014 through FY 2017 budget and financial plan to implement the proposed bill.

Background

The bill would establish a Prescription Drug Monitoring Program (the “Program”) through which the Department of Health (DOH) will monitor the dispensing of covered substances¹ in the District. The purpose of the Program, which is based on similar programs in many other states, is to crack down on “drug shopping,” or acquiring large quantities of prescription drugs by purchasing small amounts at many different pharmacies in a short period of time.

To administer the Program, DOH will set up an electronic reporting database through which dispensers of covered substances (generally, pharmacies) will report each sale of a covered substance within 24 hours. Dispensers will report data about the patient, details of the prescription, the amount of drugs dispensed, the details of payment, and other data yet to be determined by

¹ Per Section 2 of the proposed bill, “covered substance” means all controlled substances included in Schedules II, III, IV, and V as defined in Subchapter 2 of the District of Columbia Uniform Controlled Substances Act of 1981, effective August 5, 1981 (D.C. Law 4-29; D.C. Official Code § 48-901.02 *et seq.*), the Federal Controlled Substances Act, approved October 27, 1970 (Pub. L. 91-513; 21 U.S.C. § 801 *et seq.*), and any other drug as determined by rulemaking, that are required to be reported to the Program.

The Honorable Phil Mendelson

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DOH. The authorization to access the database and the use of the data in the reporting system will be governed by strict confidentiality rules outlined in the proposed bill, and violations of the statute will constitute a Class 1 misdemeanor upon conviction. However, the proposed bill does allow DOH to enter into information sharing agreements with states that have similar programs.

Financial Plan Impact

Funds are sufficient in the FY 2014 through FY 2017 budget and financial plan to implement the proposed bill.

The Office of Revenue Analysis estimates that the proposed bill will cost \$250,000 in FY 2014 and \$1.1 million over the FY 2014 through FY 2017 budget and financial plan period. These estimates are based on information from DOH as well as research into the costs of similar programs in several states, particularly Delaware, a state with a similar number of prescribers and dispensers to the District.

The Fiscal Year 2013 Budget Support Emergency Act of 2012 re-designated just over \$1.1 million to O-Type Fund 0632: Pharmacy Protection.² The Agency Fiscal Officer for DOH has certified that these funds are available in FY 2014 to implement the Program.

² Per Section 8012 of the "Fiscal Year 2013 Budget Support Emergency Act of 2012," enacted June 19, 2012 (D.C. Act 19-383; 59 DCR 7764).